

Message Text

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ACTION EB-11

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FM AMEMB WDSY KINGSTON

TO SECSTATE WASHDC 5198

C O N F I D E N T I A L KINGSTON 2419

E.O. 11652: GDS

TAGS: ETRN

SUBJ: CIVAIR: RENEWAL OF AIR JAMAICA'S LICENCE

1. MINISTER OF PUBLIC UTILITIES, COMMUNICATIONS AND TRANSPORT BELL ASKED ME TO SEE HIM JULY 10 TO DISCUSS AIR JAMAICA APPLICATION FOR RENEWAL AND AMENDMENT OF ITS FOREIGN AIR CARRIER PERMIT (CAB DOCKET 26431). HE RECOGNIZED THAT IT WAS PERHAPS PREMATURE TO RAISE THE SUBJECT INASMUCH AS AIR JAMAICA ATTORNEY ONLY FILED BRIEF JULY 1 BUT UNDERLINED ITS IMPORTANCE TO JAMAICA IN VIEW OF CURTAILMENT OF US AND OTHER CARRIER SERVICES AND CONSEQUENT IMPACT ON AILING TOURIST INDUSTRY INCLUDING GOVT HOTELS NOW OPERATING AT LOSS.

2. MINISTER TOOK CONSIDERABLE EXCEPTION TO SEVERAL COMMENTS CONTAINED IN CAB BRIEF BUT SAID HE MADE ALLOWANCES SINCE WRITTEN BY "AMBITIOUS YOUNG LADY ATTORNEY." (COMMENT: JAMAICA STILL MALE CHAUVINIST SOCIETY.) CAB RECOMMENDS RENEWAL OF AIR JAMAICA PERMIT FOR THREE YEARS ONLY AND EXCLUDING ROUTE NEW YORK-MONTREAL-LONDON IN SPITE INCLUSION OF THIS ROUTE IN ORIGINAL BILATERAL AGREEMENT. AIR JAMAICA INTENDS OPERATE NEW YORK-MONTREAL SEGMENT LATER THIS YEAR. ORIGINAL BILATERAL AGREEMENT, WHICH EXPIRED OCT 2, 1969, PROVIDED FOR INDEFINITE PERMIT AND AIR JAMAICA BRIEF GIVES PRECEDENTS FOR GRANTING AT LEAST FIVE-YEAR PERMIT. WITHOUT AT LEAST FIVE-YEAR PERMIT FINANCING OF ADDITIONAL AIRCRAFT AND OTHER OPERATIONS RENDERED DIFFICULT IF NOT IMPOSSIBLE. AIR JAMAICA
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CURRENTLY OWNED 66 PERCENT BY GOVT AND 34 PERCENT BY AIR CANADA.

IN APRIL OR MAY GOJ PERCENTAGE WILL RISE TO 74 PERCENT. (A-79
OF 6/13/74)

3. CURRENT BOARD OF DIRECTORS CONSISTS OF 8 JAMAICANS AND 4
CANADIANS WITH PROVISION THAT A UNANIMOUS DECISION IS REQUIRED
IN ANY MATTER INVOLVING ACQUISITION OR SALE OF SUBSTANTIAL EQUIPMENT
AND MATTERS CONCERNING PREFERRED STOCK, (AL OF WHICH WAS
ORIGINALLY OWNED BY AIR CANADA BUT WHICH IS BEING PURCHASED ON
SCHEDULE BY AIR JAMAICA,) AND ANY EXTENSION ROUTES CURRENTLY OPERATING. THE EXECUTIVE MANA-
GEMENT CURRENTLY CONSISTS OF THREE CANADIANS AND FIVE JAMAICANS.
IT IS ANTICIPATED THAT A JAMAICAN, G.G. MACHADO, WILL SHORTLY TAKE
OVER AS PRESIDENT AND MANAGING DIRECTOR AND THAT THERE WILL
THEN BE SIX JAMAICANS AND TWO CANADIAN OFFICERS. MINISTER MAIN-
TAINS THAT THIS DEMONSTRATES AMPLE CONTINUING PROGRESS IN GOVT
TAKEOVER OF AIR JAMAICA.

R. REGARDING MAINTENANCE MINISTER STATES THAT IF AIR CANADA DID
NOT PROVIDE THIS SERVICE IT WOULD IN ANY CASE HAVE TO BE
PROVIDED BY A FOREIGN CONTRACTOR. TICKET RESERVATION AND COMP-
UTER SERVICES ARE BEYOND AIR JAMAICA'S CURRENT CAPABILITY AND
SHOULD NOT PROVIDE GROUNDS FOR LIMITING EXTENSION OF PERMIT TO
THREE YEARS.

5. COMMENT: FOREGOING PROVIDED FOR INFORMATION BUT I WOULD APPRE-
CATE ANY AVAILABLE FORECAST OF TIMETABLE AND OUTCOME OF HEARING.
ORDER OF ADMINISTRATIVE LAW JUDGE OF COURSE REQUIRES APPROVAL
BY THE PRESIDENT. AIR JAMAICA BRIEF SETTING FORTH JAMAICAN POS-
ITION SHOULD BE AVAILABLE TO DEPT FROM CAB. AIR JAMAICA ATTORNEY
IS ALBERT F. GRISSARD, 412 METROPOLITAN BANK BUILDING, 613 15TH
ST., NW WASHINGTON.
GERARD

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Message Attributes

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